

Message Text

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ACTION H-03

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FOTEL SENT AMMAN IMMEDIATE FM DAMASCUS DTD 11JAN78 IS
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C O N F I D E N T I A L

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AMMAN PASS CODEL ZABLOCKI

E.O. 11652: N/A
TAGS: EAID, ECON, SY, US
SUBJ: CODEL ZABLOCKI VISIT TO DAMASCUS: ECONOMIC/AID DISCUSSIONS

REF: DAMASCUS 181

1. IN THEIR FIRST OFFICIAL MEETING IN DAMASCUS AFTER ARRIVAL
JAN 4 CODEL WAS WARMLYWELCOMED BY ECONMINISTER IMADI.

2. IMADI EXPLAINED THAT BEFORE PRESIDENT ASSAD CAME TO POWER
SYRIA HAD MOVED IN DIRECTION OF EAST EUROPEAN TYPE OF
ECONOMY. ASSAD, HOWEVER, "IS DOING WHAT SYRIANS WANT" WHICH
IS TO OPEN DOORS TO TRADE WITH THE WEST. LEVEL OF COMMER-
CIAL TRADE WITH TTHE US IS NOW ABOUT THE SAME
R WITH THE USSR.
IMADI POINTED OUT THAT RIGHT NOW THE PRIVATE SECTOR OWNS
90 PERCENT OF ALL AGRICULTURE LAND AND PRODUCES ABYIT 40 PERCENT
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OF SYRIAN INDUSTRIAL PRODUCT. WE CLAIMED THE CURRENT SARG FIVE-
YEAR PLAN ALLOCATES Q975 9,3-FIFTH OF DEVELOPMENT PROJECTS TO
THE PRIVATE SECTOR. SYRIAN NOW HAS A COMMON MARKET WITH JORDAN.
THE SARG HAS ESTABLISHED FREE TRADING ZONES AND HAS SIGNED
INVESTMENT GUARANTEE AGRUMENTS WITH THE US (OPIC) AND WITH
SEVERAL EUROPEAN COUNTRIES. US COOPERATIVE PROGRAMS ARE WANTED
AND APPRECIATED. US BUSINESS INTEREST AND ACTIVITIES ARE INCREAS-

ING, BUT SLOWELY, BECAUSE OF THE GENERAL POLITICAL SITUATION AND INVESTMENT JUDGMENTS OF INDIVIDUAL FIRMS.

3. IMADI STRESSED THAT SYRIA'S MAIN PROBLEM IS TO ESTABLISH PEACE IN THE AREA-OVERALL PEACE IN SYRIA'S GOAL. WITH PEACE, A GOOD PORTION OF SARG BUDGETARY RESOURCES NOW HEAVILY DEVELOPED TO DEFENSE WILL BE TRANSFERRED AND APPLIED TO DEVELOPMENT PROGRAMS. APPROXIMATELY 70 PERCENT OF SYRIA'S OPERATING BUDGET IS DEVOTED TO DEFENSE. HOWEVER, OF THE COMBINED OPERATING AND DEVELOPMENT BUDGET, THE DEFENSE PORTION IS A LITTLE LESS THAN 50 PERCENT. (COMMENT: THESE FIGURES ARE NOT REFLECTED IN THE OFFICIAL BUDGET FIGURE) THE OVERALL TRADE DEFICIT IS APPROXIMATELY \$800-900 MILLION, FINANCED LARGELY BY ASSISTANCE FROM ARAB COUNTRIES. AS FAR AS EXTERNAL DEBT IS CONCERNED, SYRIA IS WITHIN NORMAL PERCENTAGE LIMITATIONS, PERMITTING ITS CONTINUED ELIGIBILITY FOR LOANS FROM INTERNATIONAL INSTITUTIONS.

4. REPRESENTATIVE PEASE ASKED THE MINISTER WHAT HE THOUGHT AID RESOURCES SHOULD BE USED FOR IN THE NEXT FEW YEARS. IMADI SAID THAT HE FELT MAJOR NEED WAS FOR HEAVY INVESTMENT TO DEVELOP HUMAN RESOURCES, THAT MORE SYRIANS SHOULD GET MORE AND A BETTER QUALITY EDUCATION. SYRIA SHOULD TAKE ADVANTAGE OF SATELLITE TECHNOLOGY FOR IDENTIFYING MINERAL RESOURCES, CONTINUE TO PLACE VERY HIGH PRIORITY ON AGRICULTURE DEVELOPMENT, INCREASING THE RURAL ELECTRICITY NET, RURAL WATER SUPPLY, LIMITED OFFICIAL USE

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RURAL ROADS, AND CERTAINLY ADDITIONAL MAJOR ROADS. IMADI STATED THAT HE FELT THE AID PROGRAM HAD HELPED GREATLY TO BUILD GOOD WILL AND A FEELING OF MUTUAL TRUST BETWEEN THE SYRIANS AND THE AMERICANS.

5. CHAIRMAN ZABLOCKI SAID THAT AID PROGRAMS GENERALLY AND THAT OF SYRIA HAVE BEEN CRITICIZED BY SOME BECAUSE THEY INCLUDED MAJOR HIGHWAYS. IMADI EXPLAINED THAT, IN PART, SYRIA'S REGIONAL GOAL WAS TO STRENGTHEN COOPERATION WITH ITS NEIGHBORS, PARTICULARLY JORDAN, THROUGH UNIFYING ECONOMIC BASES. COMMUNICATIONS (HIGHWAY INFRASTRUCTURE) ARE ESSENTIAL TO FORWARD SUCH COOPERATION WITH JORDAN AND BEYOND JORDAN TO SAUDI ARABIA. THE PLANNED DAMASCUS-DERA'A HIGHWAY REPRESENTS AN IMPORTANT LINK IN THIS COMMUNICATION NET. HE DESCRIBED IMPROVEMENT OF THE LATTAKIA-TARTOUS HIGHWAY AS EXTREMELY IMPORTANT ECONOMIC AVZOG0""&" IS A MAJOR COMMERCIAL LINK OF THE TWO MAJOR PORTS OF SYRIA TO THE REST OF THE TRANSPORTATION SYSTEM.

6. REPRESENTATIVE BINGHAM AND REPRESENTATIVE PETTIS EXPRESSED INTEREST IN ROLE OF WOMEN IN SYRIA. IMADI SAID THAT EDUCATION

WAS COMPULSORY FOR GIRLS AND BOYS IN ALL GRADES; IN THE COMMERCIAL SCHOOL AT THE UNIVERSITY IN WHICH IMADI TEACHES HE HAS 60 PERCENT GIRLS; 30-40 PERCENT OF THE EMPLOYEES IN THE BANKS ARE WOMEN; IN THE MINISTRY OF ECONOMY, ABOUT 20 PERCENT OF ITS PERSONNEL ARE WOMEN. HE SAID THE MAIN CONCERN IN THIS RESPECT IS IN THE RURAL AREAS WHERE FRANKLY SPEAKING, THE HEAVY WORK IS BEING DONE BY THE WOMEN, THERE ARE FEWER GIRLS IN SCHOOL AND THE MEN ARE LIVING OFF THE WOMEN'S LABOR. THERE IS AN ACTIVE AND AGGRESSIVE WOMEN'S UNION WHICH IS WELL SUPPORTED AND PURSUING MANY ACTIVITIES TO INCREASE THE INVOLVEMENT OF WOMEN IN DEVELOPMENT. SYRIA HAS ONE WOMEN MINISTE (MINISTER OF CULTURE) AND SIX OR SEVEN WOMEN MEMBERS OF PARRLIAMENT. HE SAID FOR AN ARAB COUNTRY THAT IS A VERY GO L EWOWNING.

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7. ADDITION, USAID DIRECTOR MET SEPARATELY WITH REPRESENTATIVE BINGHAM WHO EXPRESSED INTEREST IN FOLLOWING POINTS: 1) WORKING RELATIONSHIP OF USAID/SYRIA WITH THE SYRIAN GOVERNMENT; 2) WHETHER THE AID PROGRAM HAS HAD AN DISCERNIBLE EFFECT ON THE POLITICAL PROCESS OF THE MIDDLE EAST; 3) HACT THE SYRIANS ASKED FOR MORE THAN THE \$80-90 MILLION ANNUAL AID LEVEL; 4) WHAT WOULD BE RESULTS IF NOT ASSISTANCE WERE VOTED FOR SYRIA FOR FY'79; 5) IS OPIC AGREEMENT EFFECTIVE. USAID DIRECTOR SAID THERE IS WORKABLE RAPPORT AND FEELING OF MUTUAL TRUST BETWEEN USAID AND SYRIAN COUNTERPARTS. HE POINTED OUT DIFFICULTY OF QUANTIFYING POLITICAL IMPACT OF AID PROGRAM BUT SAID OUR WILLINGNESS TO PLAN LONG-TERM PROJECTS HAS HAD SALUTARY IMPAT ON BILATERAL RELATIONS. SYRIANS HAVE NOT ASKED FOR INCREASE IN AID PROGRAM FORMALLY BUT HAVE INDICATED THEIR FEELING THAT HIGHER LEVELS WOULD BE APPROPRIATE. DROPPING AID PROGRAM WOULD BE CONSIDERED VERY NEGATIVE SIGNAL FROM USG TO SYRIA AND DAMAGE BILATERAL RELATIONS AS WELL AS SYRIAN INTERPRETATION OF US INTENTIONS IN PEACE PROCESS. REGARDING OPIC AGREEMENT, USAID DIRECTOR SAID THERE HAVE BEEN NO GUARANTEES YET GIVEN UNDER AGREEMENT BUT BELIEVED THIS WILL BE IMPORTANT TO SOME US CONTRACTORS. BINGHAM SAID HE WAS UNCONVINCED OF IMPORTANCE OF OPIC.

8. ABOVE IS FOR CODEL AMENDMENT AND CLEARANCE.

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